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AUTHOR Ostar, Allan W.
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ABSTRACT

The low tuition system has worked so well for so long that it should not be abandoned on the basis of very limited data and even more limited assumptions. The rights of millions of college students to a low tuition education should not be bargained away in the name of some notion of "higher educational consensus" or "healthy dialogue." Nor should this right be bargained away in the name of aid to low income students or in the name of student choice. An emphasis on student aid alone, without adequate institutional aid, can force a general increase in tuition that will disadvantage all students--working class and middle-class as well as poor. There is a substantial and growing body of research that finds increases in tuition and other college costs lead to decreases in enrollment. Indeed, such tuition increases are one principal reason why the percentage of high school graduates going to college has been declining for several years. Congress and the administration should include a set-aside of funds for education and training to enable some of the unemployed to develop new skills for later employment. (Author/KE)

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FINANCING OF STATE COLLEGES AND UNIVERSITIES

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Allan W. Ostar

NATIONAL CONFERENCE ON POSTSECONDARY FINANCING
WASHINGTON, D.C.
JANUARY 17, 1975

SO MANY WORDS HAVE BEEN WRITTEN AND SPOKEN ABOUT THE FINANCING OF HIGHER EDUCATION IN THE PAST FEW YEARS THAT I AM NOT SURE I CAN ADD VERY MUCH TO THEM. I WOULD LIKE TO MENTION JUST TWO PUBLICATIONS THAT EXPRESS THE CONCERNS OF MANY STATE COLLEGES, AND I AM SURE MANY OTHER INSTITUTIONS AS WELL.

ONE IS THE PAPER WHICH OUR ASSOCIATION SUBMITTED FOR THESE SERIES OF CONFERENCES ON FINANCING, ENTITLED FINANCING REPORTS AND THE ATTACK ON LOW TUITION. COPIES WILL BE AVAILABLE ON THE TABLE IN THE HALL; OR IF THERE AREN'T ANY COPIES THERE, WE WILL BE GLAD TO SEND YOU ONE. THIS PAPER BRIEFLY SUMMARIZES SOME OF THE CONCERNS WE HAVE FELT ABOUT THE FINANCING REPORTS SUCH AS THOSE ISSUED BY THE CARNEGIE COMMISSION AND THE CED AND THE EFFORTS TO APPLY MODELS FOR FINANCING POLICY, SUCH AS THE MODEL DEVELOPED BY THE NATIONAL COMMISSION ON FINANCING POSTSECONDARY EDUCATION.

WE HAVE A LITTLE SHORTHAND IN OUR OFFICE FOR THE NATIONAL COMMISSION ON THE FINANCING OF POSTSECONDARY EDUCATION. WE CALL IT FNCOMM, AND I WILL REFER TO THAT BODY LATER ON. SEVERAL MONTHS AGO I SAW BEN LAWRENCE AND TOLD HIM THAT WE REFERRED TO HIS COMMISSION AS FNCOMM, AND HE SAID, "WHY DON'T YOU SHARE THAT WITH US? IT'S MUCH MORE OF A MOUTHFUL THAN WE HAVE BEEN ABLE TO HANDLE." FNCOMM YOU ARE DUBBED.

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THE OTHER PUBLICATION IS CALLED EXPLORING THE CASE FOR LOW TUITION. IT IS THE RESULT OF A SEMINAR SPONSORED BY AASCU IN COOPERATION WITH THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES, AND THE AMERICAN COLLEGE TESTING PROGRAM. COPIES ARE AVAILABLE FROM ACT IN IOWA CITY. THIS PUBLICATION INCLUDES A NUMBER OF VERY THOUGHTFUL PAPERS ON FINANCING AND LOW TUITION, INCLUDING HOWARD BOWEN, CAROL VAN ALSTYNE, LARRY LESLIE, GARY JOHNSON AND OTHERS.

WE BELIEVE THAT THE LOW TUITION SYSTEM HAS WORKED SO WELL FOR SO LONG WITH BENEFITS FOR SO MANY MILLIONS OF PEOPLE AND TO, INDEED, OUR WHOLE SOCIETY THAT IT SHOULD NOT BE ABANDONED ON THE BASIS OF A FEW "FINANCING REPORTS," OR A THEORETICAL MODEL, BASED ON VERY LIMITED DATA AND EVEN MORE LIMITED ASSUMPTIONS. IF WE SPEAK MORE CRITICALLY THAN OTHERS WHO HAVE COMMENTED ON THESE REPORTS AND MODELS IT IS BECAUSE WE DO NOT WISH, IN THE NAME OF SOME NOTION OF "HIGHER EDUCATIONAL CONSENSUS" OR "HEALTHY DIALOGUE" TO SEE THE RIGHTS OF MILLIONS OF COLLEGE STUDENTS TO A LOW TUITION EDUCATION BARGAINED AWAY.

NOR DO WE WISH TO SEE THIS RIGHT BARGAINED AWAY IN THE NAME OF AID TO LOW INCOME STUDENTS OR IN THE NAME OF "STUDENT CHOICE." AASCU HAS ALWAYS SUPPORTED STUDENT AID FOR LOW INCOME STUDENTS WHO CANNOT OTHERWISE AFFORD COLLEGE. WE HAVE NEVER BELIEVED THAT STUDENT AID CAN BE A SUBSTITUTE FOR LOW TUITION. INDEED, WE HAVE EXPRESSED OUR FEAR THAT AN EMPHASIS ON STUDENT AID ALONE, WITHOUT ADEQUATE INSTITUTIONAL AID, CAN FORCE A GENERAL INCREASE IN TUITION WHICH WILL DISADVANTAGE ALL STUDENTS--WORKING-CLASS AND MIDDLE-CLASS AS WELL AS THE POOR.

WE ARE ALSO AWARE THAT SOME ADVOCATES OF STUDENT AID HAVE PUBLICLY EXPRESSED THE HOPE THAT FEDERAL EMPHASIS ON STUDENT AID AND ON THE SSIG PROGRAM WILL PRESSURE STATE LEGISLATURES TO RAISE TUITION AND PUT LESS MONEY INTO THE SUPPORT OF HIGHER EDUCATION. THIS, TOO, WE CANNOT COUNTENANCE.

WE ARE AWARE THAT MANY OF OUR FRIENDS IN THE PRIVATE SECTOR HAVE URGED MORE EMPHASIS ON STUDENT AID AND ARE WILLING TO GIVE STUDENTS A "CHOICE" AS WELL AS "ACCESS" TO HIGHER EDUCATION. AND WE ARE CONCERNED ABOUT STUDIES WHICH APPEAR TO SHOW THAT MANY OF THE PRESENT STUDENT AID RECIPIENTS ARE PEOPLE WHO WOULD HAVE GONE TO COLLEGE ANYWAY--THAT THEY MAY BE USING STUDENT AID SIMPLY TO ATTEND A MORE EXPENSIVE COLLEGE.

FNCOMM TALKED ABOUT THE VALUE OF CHOICE AS WELL AS ACCESS. UNFORTUNATELY, DESPITE THE COMMISSION'S EMPHASIS ON QUANTITATIVE APPROACHES, THEY WERE UNABLE TO PROVIDE FIGURES ON THE COMPARATIVE COSTS OF THE TWO APPROACHES.

IF THE TAXPAYERS MUST DECIDE BETWEEN DOLLARS FOR ACCESS AND DOLLARS FOR CHOICE, HOW DO THEY DECIDE HOW MANY DOLLARS TO PUT IN EACH POT? DO THEY DECIDE, FOR EXAMPLE, TO PUT MOST DOLLARS INTO BRINGING QUALITY EDUCATION AT LOW-TUITION COLLEGES WITHIN THE REACH OF A GREAT MANY LOW-INCOME PEOPLE--INCLUDING MANY OLDER AND PART-TIME STUDENTS WHO COULD NOT AFFORD IN ANY CASE TO GO TO A FULL-TIME RESIDENTIAL COLLEGE--OR DO THEY PUT THE SAME DOLLARS INTO HELPING A SMALLER NUMBER OF STUDENTS ATTEND HIGH-TUITION COLLEGES?

THIS MAY BE A PAINFUL CHOICE: BUT IT OUGHT TO BE FACED DIRECTLY AND, IN DIRE TERMS, ESPECIALLY IF THE PRICE OF SENDING SOME STUDENTS TO HIGH-TUITION COLLEGES MAY BE RAISING TUITION FOR ALL STUDENTS IN OTHER COLLEGES.

ONE PURPOSE OF THIS CONFERENCE AND THE REGIONAL CONFERENCES WHICH PRECEDED IT WAS TO REVIEW WITH STATE AND FEDERAL POLICY MAKERS THE VALUE OF THEORETICAL MODELS BASED ON COLLEGE CHOICE, LIKE THOSE DEVELOPED BY FINCOMM, MCHEMS, THE RAND CORPORATION, AND OTHERS. INDEED, A WHOLE GROUP OF MODEL DESIGNERS ARE NOW ATTEMPTING TO PERSUADE STATE POLICY MAKERS OF THE VALUE AND RELEVANCE OF THESE MODELS, MUCH AS THE SYSTEMS ANALYSTS AND THE PPBS SPECIALISTS A FEW YEARS AGO TRIED TO PERSUADE POLICY MAKERS OF THE USEFULNESS OF THEIR APPROACH--WITH VERY LIMITED SUCCESS AFTER THE EXPENDITURE OF HUGE SUMS OF MONEY.

AGAIN, AASCU HAS BEEN MORE CRITICAL OF THESE MODELS THAN SOME OTHERS BECAUSE OF THEIR POLICY IMPLICATIONS. WE BELIEVE THAT INSTITUTIONS OF HIGHER EDUCATION AND STATE OFFICIALS SHOULD BE VERY MUCH AWARE OF THE GREAT LIMITATIONS OF SUCH MODELS IN TERMS OF DATA AND ASSUMPTIONS, AWARE OF THE WAYS IN WHICH POLICY MAKERS CAN USE THEM TO SUPPORT THEIR POLITICAL PRECONCEPTIONS.

IF YOU TURN TO SECTION II OF THE CONFERENCE HANDBOOK WHICH WAS GIVEN OUT BEFORE THESE MEETINGS, AND READ THE FIRST PAGE OF THE SECTION ON MODELS, WRITTEN BY SEVERAL PROMINENT MODEL DESIGNERS, YOU FIND THE MOST SWEEPING ASSUMPTIONS ABOUT THE VALUE OF THESE MODELS--"READILY AVAILABLE DATA," TO OPERATE MODELS WHICH "ARE ALL CAPABLE OF EXAMINING THE PREDICTING EFFECT THAT ALTERNATIVE STUDENT AID PROPOSALS WILL HAVE. . " AND THEN FOR EXAMINING OTHER POLICIES RELATED TO TUITION, ADMISSIONS POLICIES, THE DEVELOPMENT OF NEW COLLEGES, AND SO FORTH.

ACTUALLY, A NUMBER OF SERIOUS SCHOLARS WITH CONSIDERABLE KNOWLEDGE ABOUT MODELS AND RELATED TECHNIQUES HAVE RAISED GREAT DOUBTS ABOUT THE VALUE OF THESE MODELS. IN THE AASCU PAPER WE HAVE PREPARED FOR THESE MEETINGS, WE HAVE SPECIFIC REFERENCES TO

SOME OF THESE CRITICAL COMMENTS BY LYMAN GLENNY, STEPHEN DRESCH, AND TECHNOLOGY MANAGEMENT INCORPORATED. MORE RECENTLY, EARL CHEIT OF THE CARNEGIE COUNCIL SPEAKING AT THE SOUTHERN REGIONAL EDUCATION BOARD HAS RAISED FURTHER DOUBTS ABOUT THE VALUE OF SUCH MODELS--UNLESS YOU KNOW BEFOREHAND WHAT POLICY YOU FAVOR. CHEIT STATES THAT "CHANCELLORS AND PRESIDENTS AND FACULTY COMMITTEES AND LEGISLATORS AND GOVERNORS" WILL HAVE TO GO THROUGH THE POLITICAL PROCESS AND USE THE SAME "MESSY METHODS" DEMOCRACIES HAVE ALWAYS USED--IN SETTING HIGHER EDUCATIONAL FINANCING POLICIES.

THERE IS A SUBSTANTIAL AND GROWING BODY OF RESEARCH WHICH FINDS THAT INCREASES IN TUITION AND OTHER COLLEGE COSTS LEAD TO DECREASES IN ENROLLMENT. INDEED, SUCH TUITION INCREASES ARE ONE PRINCIPAL REASON WHY THE PERCENTAGE OF HIGH SCHOOL GRADUATES GOING TO COLLEGE HAVE BEEN DECLINING FOR SEVERAL YEARS. LET ME MENTION A FEW EXAMPLES OF SUCH RESEARCH. FNCOMM ESTIMATED THAT THERE MAY BE ENROLLMENT DECREASES OF 1 TO 3 PERCENT FOR EVERY $100 INCREASE IN TUITION. A PREVIOUS STUDY BY ECONOMISTS CAMPBELL AND HOENACK FOUND A VERY GREAT DECLINE IN COLLEGE ENROLLMENT IN THE GREAT DEPRESSION, WHEN TUITION WENT UP SHARPLY WHILE FAMILY INCOME WENT DOWN. RECENT STUDIES AT THE UNIVERSITY OF WISCONSIN FOUND INCREASES IN ENROLLMENT WHEN TUITION WAS CUT AT TWO WISCONSIN CENTERS--FOR THE MOST PART, ENROLLMENT OF STUDENTS NOT PREVIOUSLY ENROLLED IN COLLEGE AT ALL. AND A RECENT STUDY OF G.I. BILL UTILIZATION BY THE EDUCATIONAL TESTING SERVICE FOUND A VERY HIGH CORRELATION BETWEEN STATE TUITION LEVELS AND THE PERCENTAGE OF VIETNAM VETERANS GOING TO COLLEGE AND USING THEIR BENEFITS. MORE THAN TWICE AS MANY VETERANS PROPORTIONATELY GO TO COLLEGE IN A LOW TUITION STATE LIKE CALIFORNIA AS IN A HIGH

TUITION STATE LIKE VERMONT. HIGH TUITION IS A BARRIER TO VETERANS DESPITE THE RELATIVELY GENEROUS STUDENT AID THEY RECEIVE UNDER THE G.I. BILL, FAR MORE GENEROUS THAN ANY OTHER STUDENT AID PROGRAM OR PROPOSAL THAT HAS BEEN ADVANCED.

RESEARCH NOW UNDER WAY AT AASCU SHOWS SIMILAR TRENDS--A CORRELATION IN MANY PARTS OF THE COUNTRY BETWEEN TUITION INCREASES AND ENROLLMENT DECLINE. INCIDENTALLY, PRELIMINARY ESTIMATES SHOW THAT IN THE MIDWEST, WHERE THERE HAS BEEN THE GREATEST PERCENTAGE INCREASE IN TUITION AT PUBLIC COLLEGES, THERE HAVE ALSO BEEN THE GREATEST DECLINES IN ENROLLMENT. MIDWESTERN POLICY MAKERS, IN PARTICULAR, SHOULD TAKE SUCH STATISTICS SERIOUSLY.

ALL THESE STUDIES AND OTHERS LIKE THEM MAKE THE CASE THAT ACCESS--THAT IS, OPPORTUNITY FOR ALL AMERICANS TO CONTINUE THEIR EDUCATION--STILL DEPENDS VERY HEAVILY ON LOW TUITION, AND THAT ACCESS IS THREATENED BY RISING COSTS.

WE BELIEVE THAT POLICY MAKERS MUST CONTINUE TO GIVE ACCESS THE HIGHEST PRIORITY IN FINANCING HIGHER EDUCATION. WE FURTHER ADVOCATE THAT ADDITIONAL FUNDS FOR "CHOICE" MUST SHOW THAT CHOICE WILL NOT BE FAVORED AT THE EXPENSE OF ACCESS UNDER "REAL WORLD" POLITICAL CONDITIONS.

I HAVE ONE FINAL COMMENT ABOUT THE RELATION OF THE PRESENT ECONOMIC CRISIS TO FINANCING POSTSECONDARY EDUCATION. THE COUNTRY FACES VERY SERIOUS PROBLEMS AS WE ALL KNOW. YET, TO QUOTE FROM A TALK HOWARD BOWEN GAVE AT THE AAC CONVENTION A YEAR AGO, IT IS WELL NOT TO FALL INTO A "DEPRESSION MENTALITY" ABOUT FINANCING HIGHER EDUCATION. THE LAST GREAT DEPRESSION AND THE FAR MORE

EXPENSIVE WAR WHICH FOLLOWED PRODUCED MANY ADDITIONAL SOCIAL PROGRAMS, FOR WHICH FUNDING WAS FOUND WHEN THE POLITICAL WILL WAS THERE. HIGHER EDUCATION ITESELF EXPANDED GREATLY AS A RESULT OF THE STIMULUS OF DEPRESSION AND WAR.

NEW SOCIAL APPROACHES ARE NECESSARY TO MEET THE PROBLEMS OF DEPRESSION. LET ME SUGGEST ONE POSSIBILITY ON WHICH AASCU IS NOW WORKING ACTIVELY--WHAT WE ARE NOW CALLING A G.I. BILL FOR THE UNEMPLOYED.

LARGE SUMS OF MONEY, PERHAPS 2 AND 1/2 BILLION, HAVE RECENTLY BEEN APPROPRIATED FOR PUBLIC SERVICE EMPLOYMENT AND MUCH LARGER SUMS, PERHAPS UP TO 6 BILLION, WILL PROBABLY BE APPROPRIATED IN THE COMING YEAR. EACH PUBLIC SERVICE JOB IS EXPECTED TO COST ABOUT $7,800 TO $8,000 PER YEAR--PERHAPS MORE, "UP TO $10,000 PER PERSON."

IT IS OUR SUGGESTION TO CONGRESS AND THE ADMINISTRATION THAT THE PUBLIC SERVICE EMPLOYMENT PROGRAM BE AMENDED TO INCLUDE A SET-ASIDE OF FUNDS FOR EDUCATION AND TRAINING, TO ENABLE SOME OF THE UNEMPLOYED AND UNDEREMPLOYED TO DEVELOP NEW SKILLS FOR LATER EMPLOYMENT.

HERE ARE SOME STRIKING STATISTICS:

--IT WOULD COST CONSIDERABLY LESS FOR AN UNEMPLOYED PERSON TO GO TO COLLEGE FOR TWO YEARS AT G.I. BILL RATES THAN TO HOLD A PUBLIC SERVICE JOB FOR ONE YEAR. IF HE OR SHE ATTENDED COLLEGE FOR TWO YEARS, TWELVE MONTHS A YEAR, THE COST WOULD BE ABOUT $6,400 COMPARED TO ABOUT $8,000 FOR A ONE YEAR JOB.

--FOUR PERSONS ATTENDING COLLEGE CAN EACH RECEIVE A $2,000 WORK-STUDY ALLOWANCE FOR PART-TIME PUBLIC SERVICE JOBS FOR THE SAME COST AS ONE PERSON HOLDING A FULL-TIME PUBLIC SERVICE JOB.

--In the AASCU institutions alone we find that there is excess capacity to accommodate about 200,000 students without the increase of any facilities, and I am sure a similar figure could be found for the private institutions. Providing a G.I. Bill which would enable students to obtain greater educational training benefits would also have the effect of assisting both our public and private institutions to maintain themselves and their institutions during a period of severe recession and inflation.

We believe that a G.I. Bill for The Unemployed is an idea which Congress and the Administration should consider very seriously--not as a substitute for employment for those who need it, but as an additional way to help those who could benefit from further education and, at the same time, be better equipped to benefit society.

I mention this idea as an example of the kind of positive thinking, about financing higher education and about dealing with the recession, which I believe our country needs at the present time. Statistics about financing and the economic crisis can be very discouraging; but we believe that there is room for optimism as well.

Thank you.